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COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF MICHIGAN



UNITING PARTNERS TO REBUILD OUR COMMUNITIES

New Economy and Quality of Life Committee – March 22, 2007 - Testimony on HB 4135

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The Community and Economic Development Association of Michigan (CEDAM) supports HB 4135, a bill to provide a retirement system for small business employees that have no employer sponsored retirement plan. CEDAM is a nonprofit member association for community development corporations (CDCs), which largely provide housing for seniors, people with disabilities, and low income families and individuals, and community action agencies, that provide services such as Head Start and Senior programs to Michigan's working families and most vulnerable citizens. CEDAM's mission is to rebuild and revitalize neighborhoods and communities throughout Michigan.

According to Grand Valley State University, nearly 1 in 5 households in the U.S. "owes" more than it "owns." Without assets, a family sickness or a broken down car can have devastating effects and lead to dire circumstances, such as a job loss. CEDAM is home to the Asset Building Policy Project, which unites individual development policy with community development policy, to create opportunities for families to *build* assets. The Asset Building Policy Project, through the work of the Asset Building Coalition for Michigan, has produced a report titled: *Helping Working Families Achieve Financial Security* and I have copies available for everyone. This guide is a how-to on helping working families to develop assets, such as through an Individual Development Account, which can be used to start a business, go to school or save for a first home, and is also working its way through the legislative process.

Creating a portable retirement plan that is available to all Michigan residents is an ABPP goal. According to the Employee Benefit Research Institute, in 2003, nearly half of all private sector employees had no employer sponsored retirement plan. Because only 4 out of 10 employees will save for retirement when a plan is unavailable, it is imperative that every employee have the opportunity to save for retirement. Most often, part time, temporary, contract, and entry-level employees do not have access to a retirement plan. HB 4135 would provide the vehicle for the 6 out of 10 employees that are not currently saving for retirement.

CEDAM appreciates your support and effort in moving this bill to passage and implementation, as this retirement plan will provide a tremendous asset to working families in Michigan. I'd like to thank the committee for allowing me to provide testimony on this important, pro-active legislation.